

INTRODUCTION

This paper was written by Annabel Jackson and David Irwin in November 2013.

The brief for the LIA asks: “What are the common characteristics of advocacy projects that succeed as against those that do not (e.g. kind of PSO, issue addressed, target authority)?” This paper provides our early thoughts on a way to classify ‘types of advocacy issue’ and think about their critical success factors.

Three years into the LIA, we can distinguish three broad types of advocacy project:

- **Harmonisation projects**, in which PSOs wish to reduce multiple regulation and multiple oversight. E.g. CTI multiple regulation, CTI food processing, and TAMPA harmonisation of regulations.
- **Tax and other cost reduction projects**, in which PSOS wish to reduce taxes or delay tax increases. E.g. ACT VAT changes, TAMPA VAT exemption, TCT Park and Hunting Fees, TCT VAT exemption, ACT cess, and ATE minimum wage.
- **Systemic change projects**, in which PSOs wish to change the government’s role in markets. E.g. CTI counterfeit, CTI electricity, CTI port, TATO tourism police, ZACPO deregulation, ACT inputs, ANSAF cashews and TANEXA credit and export guarantee schemes.

HARMONISATION

Our work so far suggests the following challenges for harmonisation projects:

- Harmonisation projects naturally involve a large number of interests. It can be difficult to bring the agencies together, and even more difficult to get them to engage in a discussion that can be perceived as challenging to their position.
- Even where agencies can see a problem, the solution can be unclear to them.
- Projects take time, and might require incremental change or division into sub-projects, which can be difficult to communicate effectively to PSOs’ members.

Experience so far suggests the following lessons for harmonisation type projects:

- Projects need to involve agencies from early on so that they feel ownership of the process.
- Dialogue needs to acknowledge the purpose behind the regulations. Persuasive arguments can be around the inconsistency between regulations and the costs of compliance.
- Documentation needs to go beyond data on the problem to show a clear way forward that continues to address the purpose.
- Evidence and recommendations need to distinguish clearly between regulations that are constraints specifically on the PSO’s sector and those that are a problem for all sectors. The latter should be tackled collaboratively with other PSOs as a separate project.
- Recommendations need to be very specific and practical e.g. drafting a layman’s law, and need to be justified with compelling arguments
- Work can be phased, starting with the core agencies.

- Work should start with the less contentious issues, which are about reducing the cost to the private sector and agencies by reducing duplication and strengthening coordination e.g. sharing of laboratories and inspection results. Reducing cost is a win-win subject. Issues of reducing fees, which would hit the income of the agencies, should be deferred.

TAX AND OTHER COST REDUCTION

Our work so far suggests the following challenges for tax reduction projects:

- PSOs can be placed in competition with each other, where government is trading off favours to one sector with another.
- Projects risk communicating the message that the private sector is simply trying to avoid tax. Businesses and PSOs should recognise that governments need to generate income to pay for public services.
- PSOs need to make good use of representation at the committees in the budgeting cycle and other formal mechanisms.

Experience so far suggests the following lessons for tax reduction type projects:

- Advocacy arguments need to be clear why a particular tax increase is more damaging than others.
- Advocacy arguments can be for delay of imposition or increase, especially where the private sector cannot pass on increases to their customers (e.g. the long-term contractual relationships in the tourism sector).
- Advocacy arguments can refer to the damage to the competitiveness of Tanzanian firms, especially given the opportunities and risks of the EAC.
- Advocacy arguments can refer to the scope to increase income through raising collection rates rather than introducing new taxes. The PSO can offer to help with implementation.
- Advocacy success tends to build on and require a political imperative.
- PSOs need to demonstrate that the private sector has been willing, and is willing, to pay tax in other ways.
- PSOs need to be aware that tax increases can be reintroduced in the future: the battle is continuous. They need to gather data continuously to show how government revenues have increased as a result of previous positive decisions.
- The ideal strategy is to communicate and get government understanding of the scope to grow the sector in the future: to trade off short-term loss (in tax revenue) for greater long term gain (in tax revenue or jobs or both). TCT's marketing strategy is a sophisticated approach to this.

Our representative from the TRA points out that just asking to remove a tax because of the cost to business is not a good argument. Stronger arguments refer to:

- The disproportionate effect on the poor.
- Arguments about simplifying the processes of collection so as to reduce the burden on businesses and reduce the opportunities for corruption.
- Ways of collecting the same amount of money with less work from the private sector and the TRA.
- Comparisons with other sectors, which demonstrate unfairness and, for businesses that are competing internationally, comparisons which demonstrate a loss of competitiveness.
- Arguments that are not about reducing the rate of tax but about demanding that increases are matched with improvements to public services.

SYSTEMIC CHANGE

Our work so far suggests the following challenges for systemic change projects:

- Reports tend to be very detailed which can make them impenetrable, and also appear muddled in their thinking.
- There is a tendency for recommendations simply to tamper with existing systems rather than look beyond current assumptions and suggest more wholesale change.
- Change can be difficult because of vested interests and corruption.

Experience so far suggests the following lessons for systemic change type projects:

- Research needs to analyse causality so that it is relatively confident that a change will have the desired result.
- PSOs need to be aware of what else is happening. Solutions might be implemented without the PSO being involved e.g. TANEXA credit and export guarantee schemes and ZACPO deregulation.
- PSOs need to monitor implementation so that solutions can be changed if they are not working.
- PSOs benefit from framing the systemic change positively and simply (e.g. marketing of the tourism sector).

We have less to say on systemic change projects because there have been fewer successful projects.

CONCLUSION

Together this classification suggests that advocacy projects should be seen as part of a linked or progressive endeavour, rather than as individual acts of influencing:

- Harmonisation projects tend to be implemented incrementally as sub-projects about regulatory processes and structures. It is important to balance the likely effort against the likely impact for members and the business community.
- Tax reduction projects are relatively easy to communicate to members and have a fairly clear process for advocacy, once the PSO has mastered the formalities of the budgeting cycle. They can provide quick wins.
- A systemic change project can be a powerful way to create the framework for later smaller advocacy projects. They can build relationships and commitment that help to make the case for further work.

Each of these types of projects benefits from having clear information about the impacts of advocacy problems and alternative solutions for businesses, the government and the public. An impact way of thinking can help PSOs:

- Compare alternative advocacy sub-projects in order to set priorities for action.
- Make the best of their limited capacity.
- Gain commitment and interest from their members.
- Make the case to government.
- Identify the true cause of a specific business problem and therefore the best course of action.
- Check that solutions have been appropriately implemented and have had the intended effect.
- Ensure that different advocacy projects are complementary and handled in the right order.